

SPECIFICATION AMENDMENTS

Please amend the specification as follows:

Delete the paragraph at page 8 lines 15-18 and substitute the following paragraph therefor:

Referring now to the drawings and particularly to Fig. 1, the water heater apparatus of the present invention is shown and generally designated by the numeral 10. The water heater apparatus 10 includes a water conduit 12 having an inlet water conduit portion 14 and an outlet water conduit portion 16. The inlet and outlet water conduit portions 14 and 16 may also be referred to as a water supply conduit 14 and as water discharge conduit 16.

Delete the paragraph at page 15 line 14 through page 16 line 2 and insert the following paragraph therefor:

A recirculation valve 66 is disposed in the recirculation conduit 60. A controller 68 (see Fig. 2) is operatively associated with the recirculation valve for varying a position of the recirculation valve 66 to either allow or prevent flow of water back through the recirculation conduit 60, and to control the rate of such recirculation. As indicated by the arrows on the recirculation conduit 60 in Fig. 1, the direction of flow through recirculation conduit 60 is from the outlet 21 to the inlet 19 of primary heat exchanger 18, so that recirculated water recirculates through the primary heat exchanger 18 without having passed through any portion of the water discharge

conduit 16 downstream of the recirculation conduit 60. The recirculation valve 66 is preferably of the type referred to as a floating valve which can be incrementally moved in either direction between its open and closed positions and may, for example, be a Model VF5225UH1LN manufactured by Honeywell, Inc. of Golden Valley, Minnesota.